

95.

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
For Approval of Rate Increases and)
Revised Rate Schedules and Rules)

DOCKET NO. 2006-0386

DEPARTMENT OF DEFENSE'S FOURTH
SET OF INFORMATION REQUESTS
TO HAWAIIAN ELECTRIC COMPANY, INC.
AND
CERTIFICATE OF SERVICE

RANDALL Y.K. YOUNG
Associate Counsel (Code 09C)
Naval Facilities Engineering Command, Pacific
258 Makalapa Drive, Suite 100
Pearl Harbor, HI 96860-3134
Telephone (808) 472-1195

ATTORNEY FOR
DEPARTMENT OF DEFENSE

PUBLIC UTILITIES
COMMISSION

2007 JUN 13 P 4: 12

FILED

2C
BKK/C
SKD
SKD/KKS
BC/RVD/JM
SI/DA
LYK/WT

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

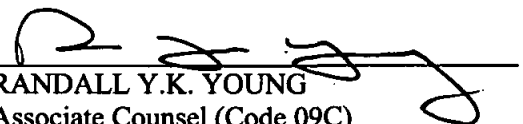
In the Matter of the Application of)
HAWAIIAN ELECTRIC COMPANY, INC.)
For Approval of Rate Increases and)
Revised Rate Schedules and Rules)

DOCKET NO. 2006-0386

DEPARTMENT OF DEFENSE'S FOURTH
SET OF INFORMATION REQUESTS
TO HAWAIIAN ELECTRIC COMPANY, INC.

COMES NOW, DEPARTMENT OF DEFENSE ("Applicant") by and through its undersigned attorney and hereby submits its Fourth Set of Information Requests to Hawaiian Electric Company, Inc. ("HECO").

DATED: Honolulu, Hawaii, June 13 2007.


RANDALL Y.K. YOUNG
Associate Counsel (Code 09C)
Naval Facilities Engineering Command, Pacific
258 Makalapa Drive, Suite 100
Pearl Harbor, HI 96860-3134
Telephone (808) 472-1195

ATTORNEY FOR
DEPARTMENT OF DEFENSE

DOCKET NO. 2006-0386

DEPARTMENT OF DEFENSE'S FOURTH

SET OF INFORMATION REQUESTS

TO HAWAIIAN ELECTRIC COMPANY, INC.

INSTRUCTIONS

In order to expedite and facilitate Department of Defense's review and analysis in the above matter, the following is requested:

1. For each response, HECO should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
2. Unless otherwise specifically requested, for applicable schedules or workpapers, HECO should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
3. When an information request makes reference to specific documentation used by HECO to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, HECO instructions, or any other relevant authoritative source which HECO used.
4. Should HECO claim that any information is not discoverable for any reason:
 - a. State all claimed privileges and objections to disclosure;
 - b. State all facts and reasons supporting each claimed privilege and objection;
 - c. State under what conditions HECO is willing to permit disclosure to Department of Defense (e.g., protective agreement, review at business offices, etc.); and

- d. If HECO claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that HECO claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).
5. Please provide each response in electronic format (if available) as well as paper. Please provide two copies of each response, with one copy going directly via overnight delivery to DOD at the following address:

Dr. Khojasteh Davoodi, P.E.
EFACHES
Utility Rates and Studies Office
1322 Patterson Avenue, S.E.
Building 33, Floor 3, Room/Cube 33-3002
Washington, D.C. 20374
E-mail: Khojasteh.Davoodi@navy.mil
Ph. (202) 685-3319
Fax: (202) 433-7159

and one copy going directly via overnight delivery to DOD's consultant at the following address:

Mr. Stephen Hill
Hill Associates
P.O. Box 587
4000 Benedict Road
Hurricane, WV 25526
E-mail: Sghill@compuserve.com
Ph. (304) 562-3645

DEPARTMENT OF DEFENSE'S FOURTH SET OF INFORMATION REQUESTS
TO HAWAIIAN ELECTRIC COMPANY, INC.

DOCKET NO. 2006-0386

The following information requests are directed to HECO.

DOD-85 [Ref. DOD-IR-28]

a) Does Dr. Morin believe his texts are an original source of the DCF? If so, please explain why; if not, please explain why he offered only his texts in response to DOD-IR-28a.

b) Why is the DCF sometimes referred to as the Gordon model or the Gordon growth model?

c) Please provide a cite to the page(s) of Dr. Morin's 1984 text that indicates the DCF provides an accurate estimate of the cost of equity "only when stock price and book value are reasonably similar."

DOD-86 [Ref. DOD-IR-33] Please provide a complete copy of the Bruner article. Due to various office moves, the DOD cost of capital witness does not have access to prior responses by the Consumer Advocate in HECO's 2005 rate proceeding.

DOD-87 [Ref. DOD-IR-47] Please provide the requested information for HEI.

DOD-88 [Ref. DOD-IR-48]

a) For the "traditional" utility companies that have a Purchased Power percentage of 0%, does Value Line publish a 0% figure for those companies, or does Value Line not publish those data?

b) What is the publication date of the information provided?

c) Please explain why Avista and Cinergy were included in the group.

d) Please provide the percent Purchased Power for the T&D utilities.

e) What is "Hawaiian Energy Ind"?

DOD-89 [Ref. DOD-IR-56] If the example is the same (same flotation cost, same payout, same allowed return), but the market-to-book ratio is 1.1, is the resulting growth rate greater or less than the assumed 5%? Why?

DOD-90 [Ref. DOD-IR-58] Please provide the information requested. Due to various office moves, the DOD cost of capital witness does not have access to data request responses provided in the Company's 2005 rate proceeding.

DOD-91 [Ref. DOD-IR-68] Please provide any and all evidence (letters, memos, transcripts of telephone conversations, any form of correspondence, etc.) submitted by S&P to HECO indicating that S&P definitely intends to change HECO's risk factor from 30% to 50%.

DOD-92 [Ref. DOD-IR-70]

a) What proportion of the long-term debt currently on the books of HECO is represented by revenue bond debt?

b) Are the revenue bonds issued by the State of Hawaii, or the City and County of Honolulu and the Counties of Maui and Hawaii? Are those bonds rated by the rating agencies? If so, what are those ratings (provide a recent report); if not, please explain why not.

c) What proportion of the long-term debt currently on the books of HECO is represented by debt secured only by the revenue stream of HECO?

d) From what entity or firm does HECO purchase bond insurance? Please provide a complete copy of the most recent bond insurance agreement.

e) Would the bond rating of the revenue bonds be affected if HECO's bond rating were to change? If so, please explain how and why.

CERTIFICATE OF SERVICE

I hereby certify that one copy of the foregoing DEPARTMENT OF DEFENSE'S FOURTH SET OF INFORMATION REQUESTS TO HAWAIIAN ELECTRIC COMPANY, INC. was duly served upon the following parties, by personal service, hand-delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR sec. 6-61-21(d).

William A. Bonnet
Vice President, Government and Community Affairs
Hawaiian Electric Company, Inc.
P.O. Box 2750
Honolulu, Hawaii 96840-0001

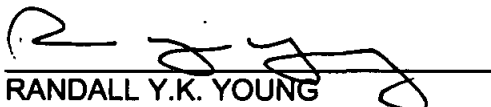
Dean K. Matsuura
Director, Regulatory Affairs
Hawaiian Electric Company, Inc.
P.O. Box 2750
Honolulu, Hawaii 96840-0001

Thomas W. Williams, Jr., Esq.
Peter Y. Kikuta, Esq.
Goodsill Anderson Quinn & Stifel
1800 Alii Place
1099 Alakea Street
Honolulu, Hawaii 96813

Department of Commerce and Consumer Affairs
State of Hawaii
Division of Consumer Advocacy
335 Merchant Street, Room 326
Honolulu, Hawaii 96813

2 Copies

DATED: Honolulu, Hawaii, June 13 2007


RANDALL Y.K. YOUNG
Associate Counsel
Naval Facilities Engineering Command,
Pacific